THE PHANTOM

25c

BEHIND
THE
CORPORATE
IMAGE...

SUPPLEMENT TO "BEHIND THE CORPORATE IMAGE: WHAT GE DIDN'T SAY IN ITS ANNUAL REPORT."

FOOTNOTES AND ADDITIONAL READINGS ON GE AND CORPORATE POWER

GE Project, AFSC, 48 Inman Street, Cambridge, MA 02139 January 1973

All of the information in "Behind the Corporate Image" is documented in a set of footnotes that is available for 10¢ plus 16¢ postage from the GE Project, 48 Inman St., Cambridge, MA 02139.

"Behind the Corporate Image" presents the General Electric Company as an example of the misuse of corporate power by large American corporations. The booklet is, of course, only an introduction. Here are some books that we have found especially useful in exploring the role of corporate power in America:

Current G.E. Publications

(write to General Electric, 570 Lexington, Ave., New York, NY 10022)

"The GE Annual Report"
"The GE Monogram": bimonthly magazine to "keep its readers informed on GE activities so that they may more effectively represent the company in its relationships with the public."
"GE's Commitment to Progress in Equal Opportunity and Minority Relations," 1970.
"Women and Business: Agenda for the Seventies," March, 1972.
"The GE Investor": a quarterly report sent regularly to shareholders.

Corporations as a System

*"World Justice and Peace: A Radical Analysis for American Christians" by Eugene Toland, M.M., Thomas Fenton, M.M. and Lawrence McCulloch, M.M., short pamphlet available from Maryknoll, 110 Charles St., Hingham, MA 02043. 20¢.
"The Capitalist System," edited by Edwards, Reich and Weisskopf, Prentice Hall, 1972.
"The Technological Society," Jacques Ellul, 1954.
"Monopoly Capital," Baran and Sweezy, Modern Reader, 1966.

Labor in America

*"Labor's Untold Story"; Richard O.Boyer and Herbert M. Morais; United Electrical, Radio, and Machine Workers of America, New York, 1955. $2.50
"The Hidden Injuries of Class"; Richard Sennet and Jonathon Cobb; Knopf, 1972.
"The UE News," biweekly newspaper from the United Electrical, Radio and Machine Workers of America, 11 E. 51st St., New York, NY 10022; $2.00 per year.

Corporations and the Military

"The War Profiteers," Richard Kaufman; 1970.
*"The Roots of American Foreign Policy"; Gabriel Kolko; Beacon Press, 1969. $1.95.
*"The Age of Imperialism"; Harry Magdoff; Modern Reader; 1969. $1.95.

Corporations and Foreign Policy

*"The Business of Government"; 25¢ pamphlet.
*"The Roots of American Foreign Policy"; Gabriel Kolko, Beacon Press, 1969. $1.95
*"The Age of Imperialism"; Harry Magdoff; Modern Reader, 1969. $1.95

Corporations and Women

*"Sisterhood is Powerful"; edited by Robin Morgan; Vintage Books; 1970. Articles on pgs. 86, 115, 175 and 191. $2.45.
"Born Female"; Caroline Bird; Pocket Books, 1969 and later revisions
**"Women Workers: The Forgotten Third of the Working Class"; Ilene Winkler. 20¢.

Corporate Public Relations

Advertising Age magazine.
"Propaganda"; Jacques Ellul; Knopf Books; 1965.
"Corporate Advertising and the Environment," Economic Priorities Reports, Vol. 2 #3. Council on Economic Priorities, 456 Greenwich St., New York, NY 10013 $5.

Control of Corporations

"Who Rules America"; William Domhoff; Prentice Hall; 1967.
"Commercial Banks and their Trust Activities"; ("Patman Report"); House Committee on Banking and Currency, Subcommittee on Domestic Finance; July 8, 1968.
**"Stock Ownership and the Control of Corporations"; Don Villarejo, 1961. 35¢.

Historical Material on G.E.
(available in most large libraries or business libraries)

"Fifty Years with General Electric," John Thomas Broderick, Fort Orange Press, 1929.
"Men and Volts, the Story of GE," John Winthrop Hammond, J.B.Lippincott Co. 1941.
"The Truth about Boulwarism: Trying to do Right Voluntarily"; Lemeul R. Boulware, available from Bureau of National Affairs, 1231 25th St., N.W., Washington, D.C.
"The General Electric Company in Brazil," Theodore Geiger, National Planning Association, 1961.
"Lamps for a Brighter America, a History of the General Electric Lamp Business"; Paul Keating; McGraw Hill, 1954.
"Men and Volts at War: GE in World War II"; John A. Miller; Bantam Books, 1948.
"Swope of GE-The Story of Gerard Swope and GE in American Business"; David G. Toth; Simon and Schuster; 1958.
"Giant Corporations: Challenge to Freedom; the American Economic Revolution"; Theodore Kinget Quinn; Exposition Press; 1956. (by a former GE Executive)
*"G.E., Profile of a Corporation"; Jerry deMuth; 1967; available from the GE Project. 10¢.

* Available from AFSC, 48 Inman St., Cambridge, MA 02139. enclose postage.
** Available from New England Free Press, 791 Tremont St., Boston, MA 02118.

If
it
flies,
floats,
beeps,
hovers,
orbits,
soars,
tracks
or
attacks...

its progress is
our most important product

GENERAL ELECTRIC

(An actual GE ad which appeared in Aerospace Yearbook.)

UNION SHOP LU. 450
PEOPLE'S PRINTING
CO-OP

BEHIND THE CORPORATE IMAGE

WHAT GENERAL ELECTRIC DID NOT SAY IN ITS ANNUAL REPORT

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A REPORT PREPARED MAY 1972, BY THE GE PROJECT
American Friends Service Committee
New England Regional Office
48 Inman Street, Cambridge, Mass. 02139
617-864-3150

revised August 1972

The GE Project is a long term campaign to expose General Electric's role as a partner in the multinational corporate system. The project is concerned not only with military involvement, but also with issues of racism and sexism in hiring practices, overseas export of American jobs, GE's control in communities where it has factories, and many other issues arising from the present system of corporate power.

INTRODUCTION

In April of 1972, the General Electric Company issued its 1971 Annual Report, written for the benefit of GE stockholders and others who might be interested in the company's operations. The report boasts of GE's progress in such areas as corporate growth, profit maximization, and consumer product innovation. It also makes calculated use of phrases such as "environmental protection," and "minority employment," playing on the reflexes of those well-meaning investors who want to feel that their money is not only multiplying itself, but contributing a bit to social change as well.

In spite of its 40 glossy pages of fine print and color photographs, the 1971 report fails to tell the whole truth. The GE management omitted very significant information about such things as GE's contributions to the Indochina Air War, the suppression of minorities and women, the deterioration of the environment, the subjugation of foreign economies, and the intimidation of American labor. This booklet was put together partly for the GE investor who might want a glimpse of the more questionable side of the company's activities, so that he or she might make better-informed investment decisions in the future.

It was also written for the rest of the American public, most of whom own no GE stock at all, but who buy GE products, pay taxes to support GE research and production, and live in communities where GE has factories or offices. We too need to know the details of how one of America's largest and most powerful organizations, the General Electric Company, has been affecting--and in some cases ending--the lives of individual people around the world.

Even though this report deals primarily with the General Electric Company, our real topic for consideration is the American corporate system. It is this economic system which permits a mere handful of men to amass enormous wealth and power, and concentration of power leads to its abuse. GE's abuses are terrible in some ways, but they are typical of many large multinational corporations' abuses of power. *The problem lies with the corporate capitalist system as a whole, and not merely with the excesses of individual companies such as General Electric.*

Like the corporate system, GE is enormous: in 1971 it employed 363,000 persons, most of them in some 100 major manufacturing locations around the world. The company made $471 million in profits, and sold $9.4 billion worth of goods and services. As the 1971 Annual Report claims, GE reaches into our lives as consumers in an incredible number of ways, selling air conditioners, toasters, washers, dryers, lamps, lightbulbs, money, batteries, radios and televisions, ranges, refrigerators, stereos, tape recorders, and so forth.

But the Indochinese were not the smiling recipients of toasters and dishwashers, like the American women in GE's glossy color ads. For the Indochinese, GE's products came with swift and deadly purpose, and the American housewife smiling over her toaster could not begin to imagine the horror to which GE products contribute. A wide variety of U.S. helicopters and jets, such as the F-4 Phantom, powered by GE engines, carrying GE electronically guided bombs, and equipped with GE cannons, radars, and other gear, have rained hell all year long over Vietnam, Laos, and Cambodia. GE profited handsomely from this rain of death.

It is not only the Asian people who have been exploited and damaged in GE's search for profit; Americans and other foreign peoples are suffering as well.

The General Electric 1971 Annual Report is the company's showcase; it presents the face that the company would like to have its investors and the public see. In this counter report we have included what the public relations office chose to leave out. The pages which follow will outline how GE, a massive organization of people dominated by only a few men, operates within the corporate system to manipulate, exploit, and in some cases end, the lives of countless human beings.

GE AND WAR PRODUCTION

Man Mangling Man

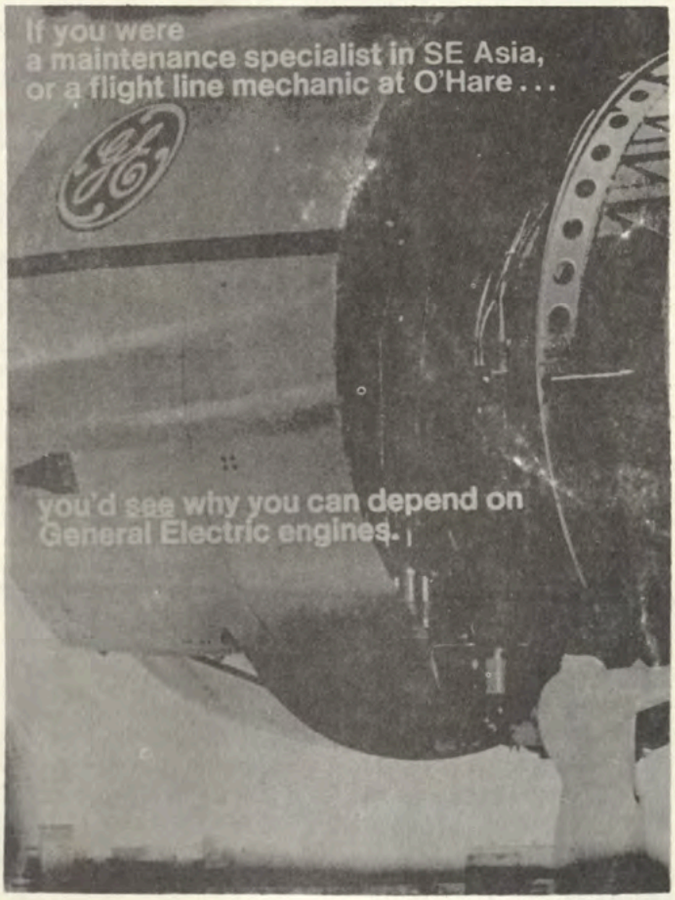
In military engines GE continued meeting important new commitments. The TF34 engine was installed in the first of a new series of Navy anti-submarine warfare aircraft. The development program for the GE F101 powerplant to power the USAF B-1 bomber continued on schedule. In helicopters the T700 has been chosen for the Army's planned Utility Tactical Transport Aircraft System... GE serves essential national security needs with its technological resources. The company supplies complex defense systems, including sonar, aircraft flight controls, guidance and fire control for ballistic missiles, the acquisition radar for the Safeguard anti-ballistic missile system and re-entry systems for the Minuteman III ICBM.

--- 1971 GE Annual Report

Except for the brief passage quoted above, reference to GE's military production is almost entirely omitted from its 1971 Annual Report. This omission seems especially glaring because GE's Department of Defense contracts totalled $1,040,925,000 last year, 11% of GE's total sales. Fire control systems for Poseidon missiles, electronic warfare systems, re-entry systems for Minuteman III ICBM's, engine design for the B-1 bomber and atomic submarine propulsion systems are only examples of the wide range of the products and services that GE supplies for the Pentagon.

Likewise, there is no mention of the Indochina War despite the fact that GE's extensive production for the Air War has included parts or total systems for the following:

J-79 engines, vulcan cannon, T.V. display units for focusing Walleye guided bombs, automatic fire control systems and electronic countermeasure systems for the F-4 Phantom jets that have pounded Vietnam, Laos and Cambodia for years.
Electronic countermeasures used to jam "enemy" radar for B-52 and F-105 bombers.
An aircraft minigun and other aircraft armaments.
Night vision devices.
Ground surveillance cameras.
Low-light-level T.V. and laser target designator for AC-130 gunships.
Gyromagnetic compass for Mohawk OV-1 observation plane.
A flight test panel, airborne search radar, and computer detector systems for the Hawkeye C-2C reconnaissance aircraft.
Components for the "people sniffer" chemical sensor.
Night capability elements for the A-6 attack plane.



An actual GE ad appearing in military magazines.

T-58 engines for the carrier-based Seasprite helicopter.
GE has also contracted to do research on the economic impact of Vietnamization on South Vietnam.

But to understand the real story behind GE's vast military production, one must view it in terms of the industrial-military establishment in the United States, which in the last 25 years has developed into a nation within a nation.

Since World War II this country has spent well over one trillion dollars through its war budgets. Hundreds of billions have been spent on the production of weaponry and military hardware. Currently, over $100 billion per year -- 60% of the federal budget and more than the net profits of all American private enterprise combined--goes to pay for war - past, present and future. About $31 million a year goes just to pay salaries to Pentagon publicity personnel and public relations men; over 300 lobbyists are maintained by the Pentagon. The military establishment is a global landlord which owns 29 million acres of land throughout the world and supervises American Armed Forces in 64 countries.

The purpose of this militarization of America can hardly be to protect freedom throughout the world, since the U.S. has bolstered, underwritten, or encouraged repressive regimes across the globe: consider those of Duvalier, Batista, Diem, Trujillo, Branco, Jiminez, Samoza, Rivera, King Saud, Stroessner, Chiang Kai-shek, Syngman Rhee, General Park, Salazar, Yahya Khan, Franco, Thieu, Medci and others. In September of 1971 President Nixon himself admitted that only 30 of 91 nations receiving American aid had "freely elected" leaders.

The *real* reason for our gargantuan military establishment has much more to do with this fact: *U.S. business enterprises outside the United States comprise the third largest "country" in the world, based on gross value of output.* U.S. business is able to exploit cheap foreign labor, open up foreign markets for its products, find new sources for profitable investment, and secure crucial raw materials on favorable terms throughout wide areas of the world known collectively as the "free world." Today US business abroad is growing by leaps and bounds--and that means needed profits for giant business concerns.

The U.S. uses various tools to make sure that the doors to the countries of the world stay open to American big business. Strategic use of foreign aid, loans from international financial agencies, military and economic aid to pro-American dictators, training of foreign military and police personnel, and the American CIA are all instruments that are used to make sure that foreign countries are structured in ways favorable to U.S. economic interests. And one key function of the large American military is to make sure--when all other foreign policy tools fail--that the world is kept safe for "free enterprise" at all costs. Vietnam is just the latest victim of over 150 foreign military interventions by U.S. armed forces since 1789.

Policing the world for powerful American economic interests is expensive, especially when the arsenal includes items ranging from counterinsurgency weaponry to ICBM's. This means that the military establishment is wonderfully profitable for all concerned, including, of course, the large military contractors. Huge profits are realized by these war contractors through free use of government land, equipment, and working capital. Lack of competition, innaccurate cost estimates, and low performance requirements for the finished products boost profits even further. For example, in 1960 GE overcharged in a subcontract to make fire control radar systems for a contract that American Bosch Arma Corp. had with the Air Force. Luckily for the American public on this one, Congress' General Accounting Office (GAO) exposed the $3 million overcharge on the $17 million contract, and GE refunded the money. The overcharge resulted from "use of estimated costs in excess of costs known to GE or which GE could reasonably expect to incur in performance," according to the GAO.

The hundred corporations with the largest volume of military contracts employ over 2,000 retired high-ranking military officers, some serving as "rainmakers," or contract procurement "facilitators" to help their new employer get contracts from their old employer: the Department of Defense.

Many of the large military contractors stand to gain a great deal from the efforts of the American military to insure a world order pleasing to free enterprise. In fact some of the largest industrial corporations make over half their profits from a combination of the military sales and earnings from foreign investments. Such companies win at both ends: they profit by manufacturing military equipment, and the equipment is used to assure them of raw materials, cheap labor, new markets and areas for profitable investment throughout the world.

General Electric is one such corporation. It consistently ranks among the top 5

contractors, averaging one billion dollars per year in military contracts since 1970. GE employs its own rainmakers; in fact, in 1969 GE had 89 former high military officers on its payroll. The company also serves as a subcontractor for other military contracts and ranks among the top 5 Atomic Energy Commission contractors. As a major producer of jet engines, nuclear power plants, steam turbines and military electronics, GE is greatly dependent on access to crucial foreign natural resources. GE employs cheap labor in 23 foreign countries and sells its products for profit in many others around the world.

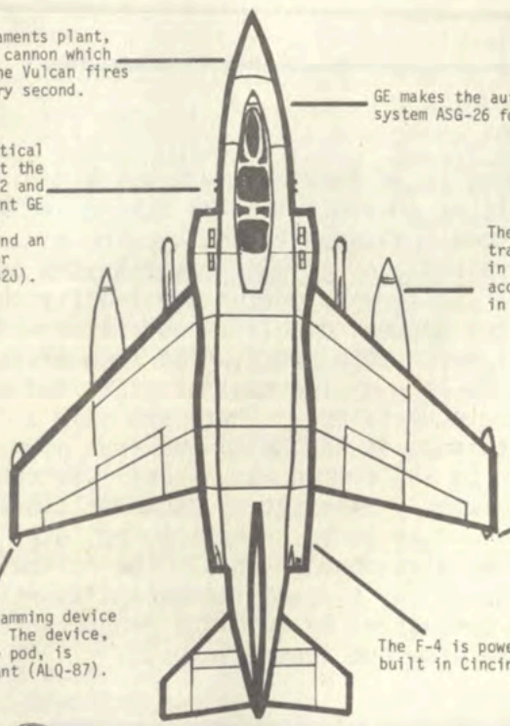
Retiring GE chairman Fred Borch says, "Our work is still to insure peace, paradoxically through developing the world's most powerful weapons systems." No doubt GE wants peace--the peace of a profitable world order that GE and the other major U.S. financial interests can find to their liking.

Through its substantial electronic warfare production, GE is very much a part of the United States' effort in Southeast Asia to prove to Third World countries that attempts to structure their economies in ways not conducive to American business and strategic interests will not succeed. Southeast Asia itself has great potential to yield substantial returns on investment if it can be "saved" for the "free world." So it makes sense, from GE's point of view, to accept taxpayers' money for its extensive Indochina War production.

If Congress continues to supply the funding, General Electric's major future military contract will be to build the engines for the supersonic B-1 bomber, the replacement for the B-52. The B-1 is being designed to deliver 24 nuclear missiles, but the military also plans to use it, as it has used the B-52, in future Indochina-type wars, for which each B-1 bomber could carry 50,000 pounds of bombs. The Air Force, which wants a fleet of 241 B-1's for the 1980's, estimates the bomber will cost taxpayers $11 billion, but other estimates have ranged as high as $75 billion. GE already has a contract to build 27 prototype engines. Through its Congressional Relations office, and its Aerospace Programs Relations Division in Washington, as well as advertisements in military magazines, the company regularly applies pressure to insure that the B-1 will get funded to completion.

With profits from war contracts, and foreign profits safeguarded by a powerful military machine that it helps to create, the war business is good for GE, very good indeed. How convenient that serving "essential national security needs with its technical resources" just happens to be such a profitable venture...

Although the F-4 Phantom is usually known as a McDonnell Douglas **aircraft, much of the guts of the USAF's top fighter-bomber is made by GE.**



At its Burlington Vt. armaments plant, GE makes the 20 mm Vulcan cannon which is used on some F-4's. The Vulcan fires 100 half pound shells every second.

GE makes the automatic fire control system ASG-26 for the F-4E.

Automatic flight controls and an optical sight system for the F-4 are made at the GE Binghamton New York plant (ASG 22 and others). At the Utica New York plant GE makes flight controls (AN/ASA-32D), navigation equipment (AN/ASA-63), and an automatic flight control package for various models of the F-4 (AN/ASA-32J).

The Walleye bomb has a TV camera that transmits directly to a display panel in the cockpit, thus providing pinpoint accuracy. GE produces the display panel in Binghamton and diodes in Orlando, Fla.

At the Utica plant GE makes several electronic countermeasure systems for the F-4 and other aircraft. These devices, attached in an outside pod, warn a pilot when he is being tracked by another radar (AN/ALQ-71,72,77).

The F-4 uses the common 7000 watt jamming device to confuse the other side's radar. The device, attached to the plane in an outside pod, is produced at GE's Utica New York plant (ALQ-87).

The F-4 is powered by 2 GE J79 jet engines built in Cincinatti, Ohio.

GE and the F-4 PHANTOM

WHO CONTROLS GE ?

MEMBERS OF THE BOARD OF DIRECTORS, AS DESCRIBED IN THE 1971 ANNUAL REPORT:

J. Paul Austin, Chairman of the Board and Director, The Coca-Cola Company, Atlanta, Ga. (8 years)

Fred J. Borch, Chairman of the Board and Chief Executive Officer, General Electric Company, New York City. (10 years)

James G. Boswell II, President, J. G. Boswell Company, Los Angeles, Cal. (Elected November 1971)

Walter D. Dance, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (Elected August 1971)

William H. Dennler, Vice Chairman of the Board, Executive Officer and Consultant to the Chairman, General Electric Company, New York City. (3 years)

Frederick B. Dent, President and Director, Mayfair Mills, Arcadia, S. C. (6 years)

Thomas S. Gates, Director, J. P. Morgan & Co., Inc. and Morgan Guaranty Trust Company of New York, New York City. (7 years)

Frederick L. Hovde, President Emeritus, Purdue University, Lafayette, Ind. (16 years)

Gilbert W. Humphrey, Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. (17 years)

Reginald H. Jones, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (Elected August 1971)

John E. Lawrence, Proprietor, James Lawrence & Co., Boston, Mass. (15 years)

Ralph Lazarus, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (9 years)

Edmund W. Littlefield, Chairman of the Board and Director, Utah International Inc., San Francisco, Cal. (8 years)

George H. Love, Chairman of the Board and Director, Consolidation Coal Company, Pittsburgh, Pa. (22 years)

Neil H. McElroy, Chairman of the Executive Committee and Director, The Procter & Gamble Company, Cincinnati, Ohio. (20 years)

Dean A. McGee, Chairman of the Board and Director, Kerr-McGee Corporation, Oklahoma City, Okla. (10 years)

Henry S. Morgan, Limited Partner, Morgan Stanley & Co., New York City. (32 years)

Jack S. Parker, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (3 years)

Gilbert H. Scribner, Jr., President and Director, Scribner and Co., Chicago, Ill. (9 years)

Herman L. Weiss, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (3 years)

Walter B. Wriston, Chairman and Director, First National City Bank, New York City. (10 years)

There is an American myth which declares that it is possible for the common man to have some influence in the running of a corporation...after all, can't anyone buy stock? This myth ignores the reality that only two percent of all investors own 70% of all marketable stock. The same principle is true of the control exercised over corporate decisions. There are only a few select hands at the helm, and real power is closed to the common man, whose life can be so profoundly affected by such decisions as: shall we make bombs? shall we pollute? shall we plan obsolescence? The following paragraphs may suggest the extent to which GE is controlled by an elite group, answerable to none but themselves....

Of the directors listed above in the annual report, Dennler, Love, and Morgan have just retired. Their seats have been filled by James G. Boswell II, Walter Dance, and Reginald H. Jones, who has replaced Borch as President. Of the 18 present directors,

0 are women.

All are white.

59 years is the average age.

5 have held positions in the Department of Defense or in organizations which try to influence it. Gates was Secretary of the Navy and Secretary of Defense. McElroy was Secretary of Defense. Hovde has acted as scientific advisor to the Army, as an expert on missile development and related war research to various Pentagon committees, and as overseer of the US Military and Air Force Academies and of the National War College. Parker has been active in lobbying and trade associations maintained by defense contractors; he was chairman of Aerospace Industries Association, trustee of the National Security Industry Association, and member of the Air Force Association. Likewise, Borch is a member of the Defense Industry Advisory Board.

9 have held policy-making or -influencing positions in the areas of economic and foreign affairs. Six directors are members of the Business Council, 3 are members of the Committee for Economic Development, and 1 is a member of the Council on Foreign Relations. These prestigious groups generally favor measures which aid the overseas expansion of American business. These groups have not been particularly vocal in the protest against US presence in Vietnam.

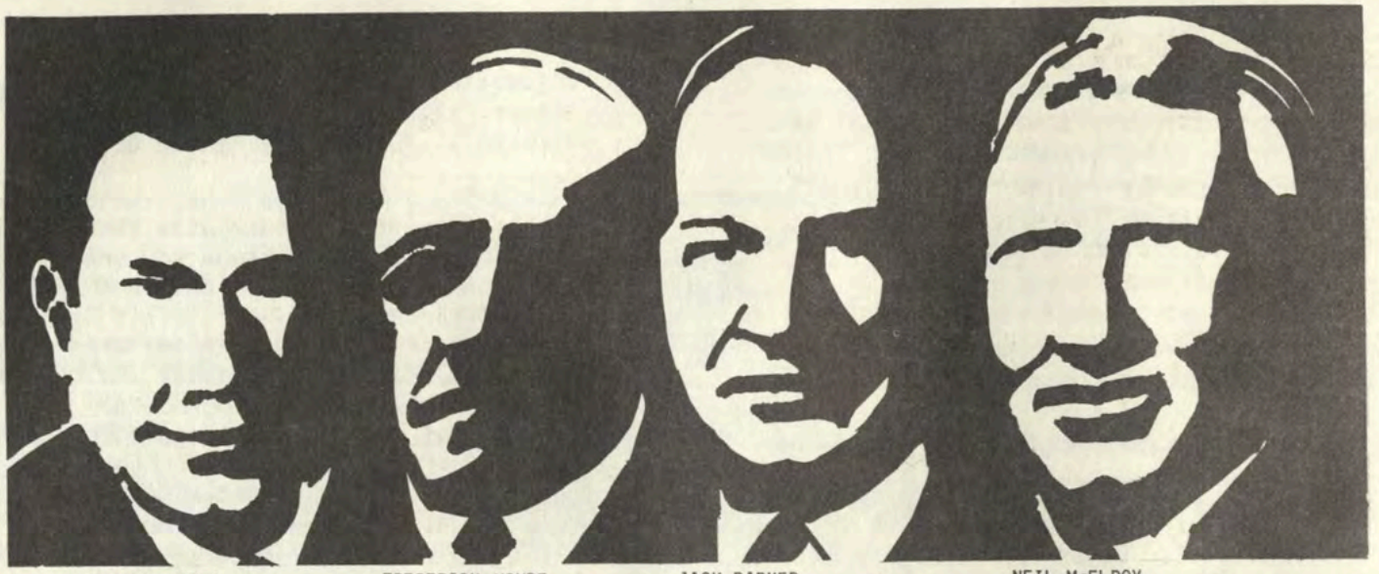
In addition, Humphrey is the son of George Humphrey, former Secretary of the Treasury; and McGee's business partner for many years was Robert Kerr, US Senator from Oklahoma.

12 are directors of banks. Recent congressional investigations (Commercial Banks and their Trust Activities, by Rep. Wright Patman's Committee on Banking, 7/8/68; Sen. Lee Metcalf's entry in the Congressional Record 4/25/72) reveal that six of the banks represented on GE's board have an astonishing concentration of voting power in GE and in other US corporations. Of all banks in the US, Morgan Guaranty Trust, founded by monopolist J.P. Morgan, has the largest investments and voting rights in US corporations; its chairman, Gates, and one of its directors, Austin, sit on the GE board.

The Chase Manhattan Bank, run by David Rockefeller, is the bank with the second largest share of investments; one of its directors, Lazarus, sits on the GE board. The fourth largest bank is First National City Bank of New York; Walter Wriston just replaced James Rockefeller as its chairman, and Wriston sits on the GE board. Three other giant banks are Chicago's Northern Trust, represented on the GE board by Scribner; Cleveland's National City Bank, represented at GE by Humphrey; and Boston's First National Bank, represented at GE by Lawrence.

These six banks together hold 8.2% of all GE stock and voting rights. Since no person or institution holds more GE shares than Chase does ($425 million worth), and since the second largest GE shareholder is Morgan Guaranty ($325 million), it is hard to believe that control of GE can rest anywhere else than in the hands of these giant banks on GE's board. The congressional studies noted above show that these six banks (which hold $40 billion of various stocks) and a handful of other banks, are in a position to control not only GE, but hundreds of major industrial, transport, and utility corporations.

Since banks are run like any other business, their purpose is to make profits and pay dividends to their owners. The most profitable way they could use their influence would be to set up price-fixing, market division, and other monopoly practices among corporations in which they hold a directorship or a significant share of the voting stock. Such illegal practices, which generally result in higher prices for the consumer, are difficult to prove beyond doubt; the Patman Report's only purpose was to show that banks have the ability to engage in them. What influence do the six giant banks on GE's board have in corporations whose policies affect GE? First, among GE's competitors for industrial and household markets, the six banks hold 2 directors in Westinghouse, 11% of Trane Air Conditioning, 16% of Carrier Air Conditioning, and at least 1 director or 5% of the voting stock in Magnavox, Schick, Whirlpool, Amp, Cutler-Hammer, IBM, and Texas Instruments. Westinghouse, Cutler-Hammer, and a company that Carrier had just purchased, were among the firms convincted of price-fixing with GE in February, 1961.



THOMAS GATES
CHAIRMAN MORGAN TRUST
FORMER SECRETARY OF DEFENSE

FREDERICK HOVDE
FORMER ADVISOR TO ARMY & NATIONAL WAR COLLEGE

JACK PARKER
LEADER OF GE PRESSURE GROUPS TO INCREASE DEFENSE SPENDING

NEIL McELROY
FORMER SECRETARY OF DEFENSE
CHAIRMAN PROCTOR & GAMBLE

Among military industry firms which compete or subcontract with GE, the six banks hold 6% of the stock and 3 directors in United Aircraft, 2 directors in Raytheon, 2 in ITT, and at least 1 director or 5% in Boeing, Honeywell, Litton, Lockheed, TRW, and Sperry Rand. Among commercial airlines, which use the types of components GE manufactures, the six banks hold 15% of TWA, 11% of Northwest, 6% and 2 directors in Pan Am, and at least 1 director or 5% in American, Eastern, Western, and United Airlines. Local power and light companies, which buy transformers, generators, and related equipment, are among GE's most important industrial customers; Morgan Guaranty Trust holds significant positions in 22 of these, First National City in 29, and Chase in one.

But the most staggering concentration of bank power in firms related to GE is in those firms that produce raw materials GE uses. The six banks hold 5 directors in US Steel, 4 in Anaconda, 4 in Youngstown Sheet and Tube; 3 directors and 17% of Kennecott Copper; 3 directors in International Nickel; 2 directors, 15% of American Smelting; and at least 1 director, or 5%, in 17 other large mining and metallurgical corporations.

The bankers who hold 7 directorships in GE, and key positions in an industrial empire which blankets the US, have carried their concentration of power so far that, according to the Patman Report, Morgan Guaranty, Chase, and First National City all hold shares in each other. One wonders what the bankers on GE's board can be thinking when they hear Ronald Reagan (who formerly starred in TV's GE theatre and sold 'Americanism' to GE workers on speaking tours of factories) and other company spokesmen promoting 'the American system of free enterprise and open competition.' Are they honest enough not to suppress a faint smile?

9 are millionaires according to published figures. Various recent proxy reports, and New York Stock Exchange market values as of 5/72, show that Weiss has assets worth $1.7 million, McGee has assets worth $41.8 million, and that Austin, Borch, Humphrey, Lazarus, Littlefield, McElroy, and Parker have holdings falling somewhere between these extremes.

7 are listed in the Social Register (Dent, Gates, Humphrey, Lawrence, McElroy, Scribner, Wriston). This is generally an indication that one has inherited wealth and a "good name." 99.8% of Americans do not have a good enough name to be included in the Social Register; and Jews, Catholics, and blacks are particularly unpopular in this set.

0 can be classified, even by the broadest standards, as representative of the interests of the American public, as representative of average GE workers, or of residents of typical GE factory towns such as Lynn, Pittsfield, Schenectady, Syracuse, Utica, Binghamton; or even as representative of average middle class Americans who supposedly (according to advertising by the New York Stock Exchange) own the bulk of the stock in US corporations and who supposedly elect the board of directors to represent their interests.

GE's FOREIGN INVOLVEMENT

General Electric's Annual Report portrays an image of a giant company becoming larger by virtue of its "multiple approach to world markets." Increased exports, new foreign plants, joint ventures, licensing agreements and investments -- these are the avenues leading to what the company calls its growing "world system" ('71 Annual Report, p. 20). Profits from GE's U.S. operations were the highest ever in 1971, and GE's international complex included 80 manufacturing facilities in 23 countries. Japanese nuclear power development provides an interesting example of the many ways in which GE exercises control. In Japan, exports from GE equip the Fukushima nuclear power plant; GE is also licensing a Japanese firm to build a new plant. Fuel for both plants will be supplied by Japan Nuclear Fuel Co. Ltd., which is jointly owned by GE and 2 Japanese firms.

Company figures show that profits from international operations have grown by about $20 million during the last three years. The company's record-breaking international sales in 1971 accounted for a whopping $86 million in net earnings, 18% of GE's total earnings.

A booming overseas business may mean big profits for GE, but what effect does it have on the quality of people's lives around the world? What effect does it have on U.S. foreign policy? To deal with these key questions, hardly mentioned in the Annual Report, one must view GE's international operations in the context of the entire U.S. multinational corporate-financial system. The U.S. economic system has always attempted to stave off recession or collapse by expanding, first westward and then overseas. "Dependent solely upon local business, we would have failed years ago...we were forced to extend our markets and to seek for export trade," J.D. Rockefeller told us in 1899. And in 1895, Senator Henry Cabot Lodge was boasting, "We have a record of conquest, colonization and expansion unequalled by any people in the nineteenth century."

It is since World War II, however, that business has expanded overseas on a truly collosal scale. By 1971, with assets of $92 billion, the combined overseas holdings of U.S. corporations were in effect the third largest producing unit in the world; only production in the U.S. and Russia was greater. Eighty of the 200 largest American corporations now have at least 1/4 of their employees, sales, earnings or assets overseas.

Led by the largest companies, such as General Motors, Standard Oil, and General Electric, American overseas expansion secures sources of raw materials, cheap labor, and opens up new foreign markets. Of 52 out of 62 strategic materials needed for continued industrial growth, at least 40% are supplied from abroad. For three of the six critical materials, cobalt, columbium and chromium, needed to make a jet engine -- one of GE's chief products -- U.S. industries are 100% dependent on foreign supplies. It's easy to see what GE has to gain from a foreign policy that maintains in power international leaders favorable to U.S. business overtures.

Many of the American overseas operations are located in countries ruled by undemocratically-chosen elites. For example, over 300 American corporations have offices or factories in South Africa. By paying taxes to such governments, by bringing in foreign exchange, by providing material for local armies and police forces, by donating to propaganda campaigns, by operating hand in glove with local laws, American companies provide stability for the oppressive governing elites. The presence of General Electric operations in countries like Spain, South Africa, Turkey and Brazil helps to bolster these repressive governments.

For example, the generals who took control of the Brazilian government by coup in 1964 compose one of the most repressive regimes in Latin America. News of police torture and political repression, suppression of clergy, scholars and other elements opposed to the government persistently reaches Americans, yet GE continues to support the regime by expanding its Brazilian business. GE has a long history in Brazil: its first factory began making light bulbs in 1921. Later GE plants were built to produce watt-hour meters, transformers, radios, electric motors, refrigerators, stereos, waffle irons, and electric generators.

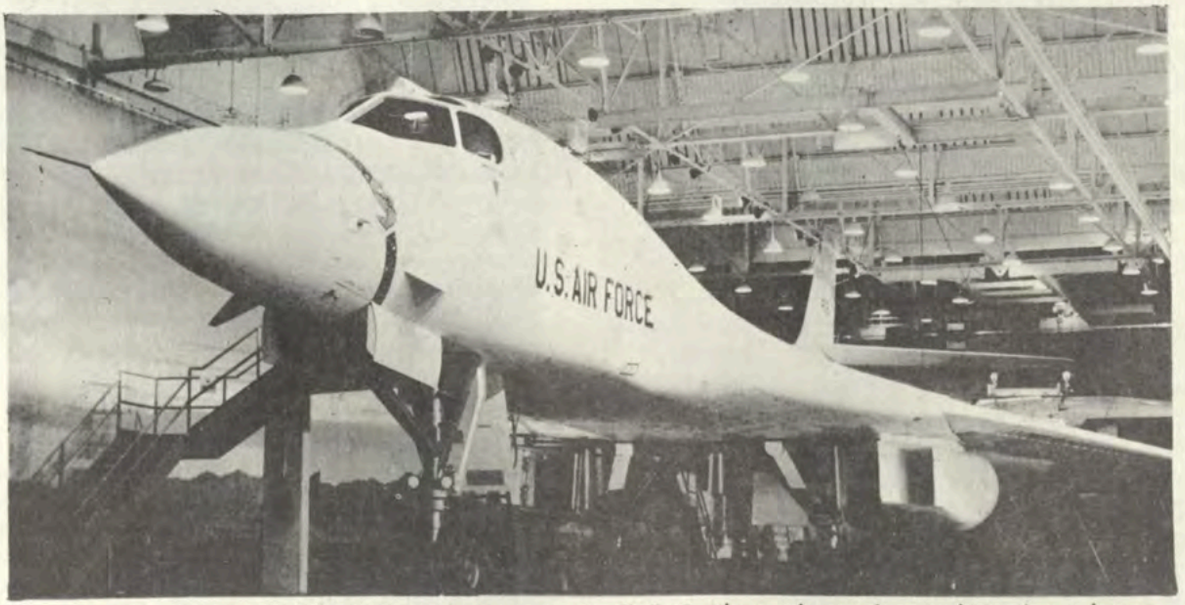
Since the 1964 coup, the Brazilian generals have been wholly encouraging to foreign investments by American and European corporations; the rapidly growing Brazilian Gross National Product is often termed an "economic miracle." However, the foreign companies and a small class of managerial workers have been the chief beneficiaries of Brazilian growth. The

"boom" does not reach the Brazilian peasantry, whose standard of living remains the same, unenhanced by GE's presence: the elite 10% of Brazilians get 40% of all income produced in the country. Peasants who leave their land for jobs in the cities find city life just as bad: for example, the cost of living in Rio de Janeiro between 1960 and 1967 multiplied itself 14 times, much faster than the rise in wages.

To help repress the strong popular sentiment against the generals, the U.S. Government trains Brazilian police and gives advice to the Brazilian military. Meanwhile, GE and other corporations reap the profits: in the 1970 Annual Report, the company boasted that its Brazilian affiliate was a growth leader in GE's foreign operations. Future maintenance of the military regime will result in solidly growing profits for General Electric.

Most threatening to the quality of human life, from Vietnam to Brazil, is the commitment of American foreign policy to maintain a favorable business climate for American overseas entrenchment and expansion. The tremendous growth of U.S. business abroad has been greatly assisted by the U.S. government. The tools of American foreign policy -- embassies, economic and foreign aid, international financial institutions, the CIA and military intervention -- all are ultimately intended to further American profit-making overseas. The foreign policy orientation is not surprising when one considers that many of the men who determine foreign policy come from the business world; in fact, between 1944 and 1960, almost 60% of all key American foreign policy decision-making posts were filled by men from big business, investment, and law. Half of Nixon's 1971 cabinet was filled with ex-corporate lawyers or former corporation officials, and the 90th Congress had 97 bankers sitting in the House of Representatives. The government's chief advisory board on top foreign affairs (and a source of Cabinet members), the Council on Foreign Relations (CFR), is predominantly composed of bankers, corporate lawyers, and businessmen. Not surprisingly, one of GE's directors, Walter B. Wriston, currently sits on the CFR.

Since socialist revolutions close off parts of the world to "free enterprise," they must be fought tooth and nail. This is what the struggle for Vietnam, Laos, and Cambodia is all about. Plans have already been drawn up for the integration of Southeast Asia into the U.S.-Japanese economic sphere; General Electric now has plants in Singapore and Hong Kong. If the socialist revolution in the area can be crushed, new markets for exports and investment will be opened up to GE and other multinational corporations. If the attempt of the Indochinese people to control their own lives and resources is successful, then America's ability to hold the line against anti-free enterprise revolutions will have been broken. What is at stake in Indochina, as policy-makers know, is the control of Vietnam's neighbors in Southeast Asia and ultimately, the control of markets and resources around the world. What is at stake for GE is its future ability to gather profits through continued expansion of its "world system."



GE is making engines for the new supersonic B-1 Bomber shown in mockup form here. By the time the total project is completed, taxpayers may spend $75 billion for the B-1. Congress will make the final production decision in April 1974.

GE AND COMMUNITIES

GE exerts control over communities in two basic ways. First, the company dominates community affairs to an astonishing degree in towns where it has located its plants; secondly, it has a profound indirect impact on every town through its advertising, its ownership of media, and its national political influence.

The first type of control, "company town" control, is perhaps easiest to illustrate. In such communities, GE is by far the largest employer. This makes it easy for the company to intimidate the population so it will accept company decisions that are harmful to the community. GE becomes, in effect, the little boy who threatens to take his football (read "jobs") and go elsewhere if the game isn't played by his rules; naturally, GE rules are usually constructed to allow the company to exploit the community to the utmost. In Lynn, Massachusetts, for example, where GE has generated considerable profits for generations, the company uses one-third of the city's water and a considerable proportion of the city's land, and yet supports only 5% of the city's tax base. GE has long discouraged other large employers from moving into Lynn, even though that would provide badly-needed jobs. And to add further injury, the company now plans to move production and jobs out of the city to Southern communities where labor is cheaper and more easily exploitable.

Although GE does not have as strong a hammerlock on many communities as it does on Schenectady, New York, this city is a good model of the network of economic and political power that GE attempts to achieve in communities where it wields considerable influence. As the accompanying chart shows, the company has a dominant position in virtually every sphere of important decision making activity and in the community's mass media. Once again the key to power is GE's position as the largest employer in town. Key GE officials hold many of the city's most influential positions, and other positions are occupied by businessmen who rely on GE purchases for much of their firms' sales. Positions of control in banks, hospitals, and schools, and financial aid to universities are involved. And GE also owns leading TV and radio stations in Schenectady.

The company goals in community relations of maximizing the profits generated from the community and of maintaining control over the community are clearly goals in the interest of the firm's management; these goals are in no way concerned with local needs. In fact, such needs are often considered only to avoid conflict with groups in the community and to create the image--quite contrary to facts--that the company is deeply concerned. But when profits generated from the community are not high enough, GE can win numerous concessions by threatening to leave the town high and dry. For example, GE has been the largest employer in Pittsfield, Mass., for decades, where it makes electrical power transformers and distribution equipment. In the first six months of 1972, GE laid off 500 Pittsfield workers. Making vague threats about more drastic future layoffs, the company forced the union in July to vote a $25 a week pay cut for each worker. Later in July, although it is against pollution law for Massachusetts industry to burn oil with more than 1% sulfur content, GE enlisted support of the Pittsfield mayor, 2 City Councilmen, a State Senator and the Lieutenant Governor of Massachusetts to win a variance that allows the company to burn 2.2% sulfur fuel oil until October, 1973, to save GE $500,000 and keep jobs in Pittsfield.

GE's impact on communities that are not company towns is more subtle, but just as real. Through its mass media advertising, for example, GE hopes to maximize the electrification of all communities. The more a community's businesses and homes rely on electricity, the more business GE gets in its manufacture of electrical generating and transmission equipment. As residents are taught to demand luxury electric appliances of questionable value (such as the "mist conditioned speedsetter" and "styling comb for men" advertised in the 1971 Annual Report), each community comes closer to an age of blackouts, brownouts, and even heavier pollution. Inflated consumerism brings in

tremendous profits for GE from sales of both electrical generating equipment and consumer/industrial products.

GE also plans to *exploit for profit genuine community needs*. Most communities are in dire need of such things as mass transportation, low income housing, medical technology, pollution control and monitoring, and extended radio, TV, and cablevision broadcasting. And GE, coincidentally enough, has wholly owned subsidiaries or divisions in all of these areas. At first glance, this may look like a move toward corporate responsibility, unil one considers the fact that the central purpose of a profit-making institution is to make profits, not to better a community. As a result, whenever a conflict arises between what is profitable for the company and what is good for the community, a profit-making institution must usually choose the profitable over the beneficial, for its own survival. Hence, public projects are best undertaken by non-profit public agencies. But GE, sensing a chance to cash in on urban needs, plans to use advertising, lobbying, and political/economic influence to turn real urban needs into mere markets for GE products.

GE AND LABOR

General Electric gained the reputation in the late 1940's and 1950's of a national industrial leader in establishing a hard line against labor. "Boulwarism," named after the GE labor relations chief during that period, became the industrial expression for a strong labor policy. The company continues the same labor-relations policies today, which consist basically of offering labor stiff conditions and refusing thereafter to make any significant concessions throughout the bargaining process. The entire electrical industry looks to GE to establish the hardest line with the unions.

For the first time, during the 1969-1970 Strike and contract negotiations, GE was unable to divide the union representatives, and the ten major unions with GE workers membership joined together at the bargaining table. Prior to the strike, GE, in traditional Boulwarism fashion, made its "fair" wage proposal and announced it would not bargain beyond it. The unions went on strike with strong rank and file support, and a movement to boycott GE began. Students protested GE campus recruiters. In the face of the union coalition and bad publicity spread by the boycott, GE backed down from its position and negotiated a contract after 101 days of strike. For the May, 1973, contract negotiations, Boulwarism is "dead" as a practical maneuver, but GE continues its policy of trying to persuade workers that their union dues is money down the drain because the company supposedly pays fair wages with, or without, an organized union opposition.

In the 1960's GE's major negative impact on labor moved to a new arena: the export of jobs from previously strong areas of GE employment. *For the past decade GE's foreign operations and foreign employment have been expanding three times as rapidly as domestic operations and employment.* In addition, GE has been moving facilities and jobs from established GE communities in the North to lower-wage and non-union areas in the South. When the union or a community makes stiff demands on the company, the company initiates plans to move South and overseas. GE and other electrical companies have led other industries in recent years in job exportation.

Until recently, the unions had focused their concern on limiting competition from foreign, especially Japanese, electrical imports. Now it has been discovered that job-loss from the expansion of GE's own foreign operations is eroding jobs just as much as foreign imports. GE has even set about to make the foreign imports profitable to the company at the expense of US labor. GE, for example, now owns 12% of TOSHIBA, one of the two largest Japanese electrical combines, and has a similar ownership in AEG Telefunken, a dominant German electrical firm.

New efforts, such as the Burke-Hartke bill, introduced in Congress in early 1972, attempt to reduce the excessive profits of foreign operations by canceling corporate tax concessions and loopholes on foreign operations. Efforts such as these are designed to give the working people of the US more control over the future of their jobs.

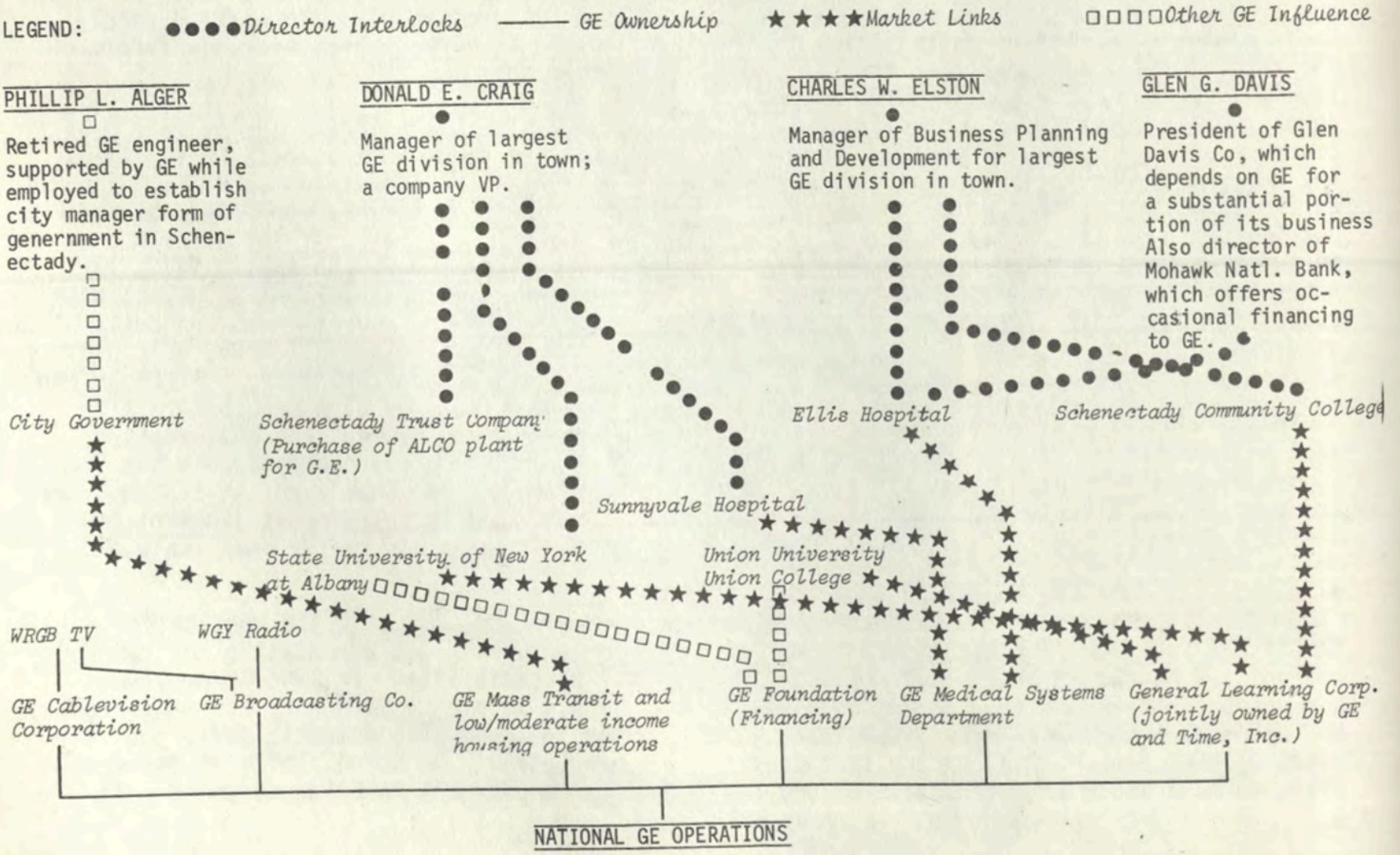
GE's racial policies are no more progressive than other aspects of its labor relations. The Massachusetts Commission on Discrimination has more cases against GE on file than against any other Massachusetts employer. In April, 1972, for example, a shop steward at GE, Lynn, with 16 years on the payroll, was instantly fired for publicly criticizing GE's discriminatory labor practices. Although the company claims to have made progress in "minority employment" and employment of women, the company does not make the figures public, so that even the stockholders cannot make an independent judgment of what progress has really been achieved.

Syracuse, N.Y., is the most striking example of both job exportation and community irresponsibility. In 1965 GE employed 19,000 people in Syracuse, the major center for the company's domestic radio and TV production. In March, 1972, GE announced that employment in Syracuse would only

total between 7,000 and 8,000 by December. This precipitous job loss is due to the rapid expansion of GE's radio and TV production overseas and to foreign competition.

In spite of this incredible cut in employment, GE is still the largest industrial employer in Syracuse, a company town which has been very profitable to GE for over a generation. Yet GE feels no responsibility to its working people, or its community, and abandons them both when they are no longer profitable to the company. In the eyes of GE top management, its employees are just numbers in a work force, people to be hired on, laid off, and shifted from job to job at will. White collar employees are motivated by a highly structured, management-designed incentive system to do what they are told. GE employees are without a say in what their company produces and how it goes about producing. Work becomes merely a matter of making enough wages to live on, rather than a meaningful way to spend one's life providing for the needs of one's community.

GE INFLUENCE IN SCHENECTADY



G.E. AND WOMEN

General Electric's relationship to women is summed up in the company's motto: "Men helping Man." The company is quite blatant in its relegation of women to relatively subservient positions. There is a noticeable lack of women in most of the managerial and higher-skilled positions; the 1971 Annual Report lists the top 105 executives of this international corporation, none of whom are female. The writer of this section personally visited a number of GE plants which employ literally thousands of individuals and heard of only one woman manager and only one woman supervisor.

The vast majority of the women employed at General Electric are secretary/clerical or production workers who are doing very tedious, repetitious, and boring work, such as wiring, soldering, and assembling. This particular stage of the production process involves significant labor expense; the company seeks out female employees for such jobs because they are willing to work for lower wages. (These are the jobs which are first exported to overseas areas where labor is even cheaper.) With the exception of a token few, there is little chance for promotion for these women from the traditionally female assembly jobs to higher-skilled or supervisory posts. Even secretaries are almost always promoted only within the secretarial caste, as they move from serving one man to another.

Women at GE, as at other companies, are punished economically for bearing children. A pregnant woman is permitted to take a leave of absence without pay only when a doctor feels that she is no longer able to work. She must return no later than two months after the birth of the child (except when there are complications) even though GE has no apparent plans to provide day care for children. The I.U.E. is currently suing GE to allow pregnant women to be recognized under sickness and accident insurance benefits.

General Electric's advertising says a great deal about the company's general attitude toward women. GE ads offer portraits of women as perfect housewives, and little else: they are beautiful, surrounded by sew-and-press irons, trash compactors, portable automatic washers and dryers, happily sewing, cleaning, and cooking. GE "beauty aids" are pushed by company ads which imply that a woman without a mist-conditioning speedsetter or a GE makeup mirror may as well bury her head in a paper bag.

A Project member spoke to many management sources (all male) who individually claimed that the corporation is doing an excellent job of placing women in higher-paid and more prestigious jobs; the Annual Report makes the same claim. When asked for specific details and statistics, however, the GE management representatives to whom she spoke had nothing to offer. Significantly, a GE facility in Texas was recently sued for placing a height requirement on a job that required none, consequently limiting the applicants to males.

Many industries today are feeling the pressure to stop treating women as second class citizens. For example, the government requires of all large corporations doing business with it to file Affirmative Action Plans to eliminate discrimination. But most corporations, like GE, report on their gains in general terms, without making public the specifics. The only publication that GE's Equal Opportunity/Minority Relations office in New York makes available is a "Business Environment Study" of women and business, which contains a copy of the company's general guidelines for equal employment opportunities for women. The company does not supply data regarding specific progress toward its general goals. In this case, it appears, progress is not the most important product. At GE, men are continuing to serve man, for better or for worse.

GE AND THE CONSUMER

The most direct negative impact GE has upon consumers is the product of company advertising. Everyone in the US has been bombarded from childhood by GE advertising on the TV and radio, in magazines and in the press. This advertising conditions the consumer to link his or her own self respect to the acquisition of an all-electric kitchen replete with a countertop microwave oven. The continual accumulation of electrical gadgets like battery operated digital alarm clocks, heated shaving cream dispensers, and air conditioners is advertised as the key to great satisfaction in life. GE advertising perpetuates the society of overconsumption, where consumers are treated as objects of consumption rather than as human beings. The housewife becomes the purchaser and user; the husband becomes the worker who can never bring enough cash home from the job.

GE exploits consumers in other ways as well, especially through planned product deterioration. GE has been found guilty on numerous occasions of producing light bulbs that burn out in one-half to one-third of the time than present technology could provide with no increase in cost, and for monopolistic price fixing on its consumer and industrial products. The company is also the largest producer of electrical generating equipment, and continually advertises for products that consume more and more electricity. Newer refrigerators consume up to three times as much electricity as earlier models.

The company's mistreatment of the consumer does not stop with such practices, however, because US citizens also consume company products through their taxes. The most significant funneling of citizens' tax dollars into company coffers is through military expenditures. Over $1 billion in tax dollars goes to the company for military and military-related work every year, and the company makes excessive profits from this work, which range from 50% to 100% above the average profits for domestic consumer production.

Company sales are subsidized by taxpayers in other ways as well. The Oakland Bay Bridge in the San Francisco Bay area may have needed new lights, but it didn't need GE Lucalox lamps that increased illumination on the bridge by a factor of 20.

The list of inequitable relationships between the company and consumers/taxpayers is almost endless. For example, the patents on systems and components that result from government-financed research and development do not remain the property of the taxpayers who paid for them. The company gets the patent rights and all the profits resulting from the sale of these rights. Furthermore, the foreign operations of GE are conducted under enormously generous tax concessions. These taxes that the company doesn't pay must be paid by someone else, and the consumer, as usual, is left holding the bag.

GE AND THE ENVIRONMENT

Over the past several decades American per capita electric power production has doubled every ten years. And GE proudly forecasts that American electrical power production will increase eight-fold in just thirty years. Electrical power generation presently accounts for one-half of the sulphur oxide pollution and for one-quarter of the particulate pollution in our atmosphere. Electric power plants account for almost all thermal pollution of our waters; additionally, the plants and transmission lines clutter the landscape. Into the air and water, nuclear plants emit radioactive wastes which are concentrated through food chains so that higher forms of life like fish and cows can be hundreds of thousands of times more radioactive than their surrounding environments. All of these forms of pollution are increasing at nearly the same exponential rates as electrical power production; if GE has its way, by the year 2,000 there will be nearly eight times as much air, water, thermal, radioactive, and visual pollution as there is now.

Why such growth? Don't we have enough electricity? Didn't we have enough in 1950? A look at GE's product line suggests an answer to these questions: nuclear reactors, steam turbines, gas turbines, generators, transformers, transmission equipment, jet engines, ship turbines, radar, sonar, computers, electric motors, electrical components for automobiles, air conditioners, electrical heating, television, phonographs, refrigerators, electric clocks, electric manicure sets, hair driers, etc., etc. From generation to transmission to consumption, GE involves itself in all aspects of electricity; more GE air conditioners mean more demand for GE nuclear reactors. Obviously, a more conservative attitude towards electricity is not in GE's interest. The more electricity consumed, the more GE products consumed, the higher GE's profits...thus an eight-fold increase in electrical power production by 2,000.

GE pollution control monitors, water purification membranes, environmental facilities parks, and other GE "environmental products" can only be considered as band-aids on the cancerous growth of unnecessary industrial production and consumption. Many ecologists say that it's only a matter of a few decades until the fragile and complicated ecosystems upon which life depends begin to break down as a result of pollution from this uncontrolled growth. Also, it's only a matter of decades until non-renewable natural resources are entirely depleted. Most metals will be depleted in 100 years at present rates of consumption, in 50 years if consumption continues to grow exponentially as it has over the last ten years. Known reserves of natural gas will be depleted in 35 years at present rate -- in 14 years if the rate continues to grow exponentially; petroleum in 70 or 80 years; coal in perhaps 300 years; uranium 235 in about 30 years. GE's answer to the problem of fuel resources depletion is the breeder nuclear reactor which produces its own fuel; it also produces such goodies as plutonium for nuclear warheads and tremendous thermal pollution, and is highly susceptible to runaway nuclear reactions which would release enormous amounts of radioactivity into the atmosphere.

GE's advertisements proclaim that GE has all the answers to our environmental problems when in fact GE is at the source of many of our environmental problems. Pollution control monitors and other electronic gadgetry are not the answers. The answers are to be found in life styles and social/economic structures that require less energy and less non-renewable natural resources -- communities of sharing, employment-intensive industries, diversified energy sources (wind, solar, geothermal, tidal, water, muscles), and technologies that serve these life styles and social-economic structures.

GE's PUBLIC RELATIONS:
Creation of the Corporate Image

The total budget which GE pays for its public relations is kept secret. It is apparent, though, that the costs of television and radio spots, store signs along city streets and highways, newspaper and magazine ads, and booklets directed to a variety of segments of the American population, represent a growing part of the price of each GE product. General Electric executives feel a great need to create a friendly image of their company in the minds of the American public.

It was only ten years ago when Ronald Reagan brought General Electric into the home of every television viewer, making a household phrase of the slogan, "Progress is our most important product," to fix in the mind of consumers all around the country that GE's work represented the most advanced state of consumer products. But Ronald Reagan was not only bringing the message "Buy GE" to the American public; he was also paid to make speeches around the country at GE plants, Chamber of Commerce banquets and high school assemblies, extolling the benefits of the free enterprise economy, and warning of dangerous collectivist elements in the unions. More recently, GE issued a full color booklet called "For the Benefit of All Mankind" justifying the space programs in terms of future public benefit, and answering such objections as, "Why not spend money directly on the medical, environmental, educational and communications projects rather than to wait for benefits from large efforts like that of the space program?"

The Monogram, a full color bimonthly magazine issued by the Corporate Public Relations Office to the general public and sent to some GE employees, has as its purpose to "keep its readers informed on General Electric activities so that they may more effectively represent the company in its relationships with the public." The May-June 1972 issue's first article described how "the Company's managers are seizing every opportunity to pound home the theme of compatibility between electricity and environmental protection, and the need for continued expansion of electric power production." Another article presents GE's view that the public debate surrounding the multinational corporations is dominated by "myths" about runaway plants and job losses.

Another target of GE's PR effort is the campus communities, where the effort has intensified as corporate power is being challenged in classrooms and in front of recruiting offices. An ad in the Northeastern University newspaper recently beamed, "The business of business is not just business." GE's message to students is that "The purpose of a business, as we see it, is to produce and distribute necessary goods and services to the profit of society... and the business itself." Such carefully worded advertisements not only serve to attract graduates to be future GE employees, but also state an ideological position that GE, and the other institutions of corporate power, are legitimately serving societal needs.

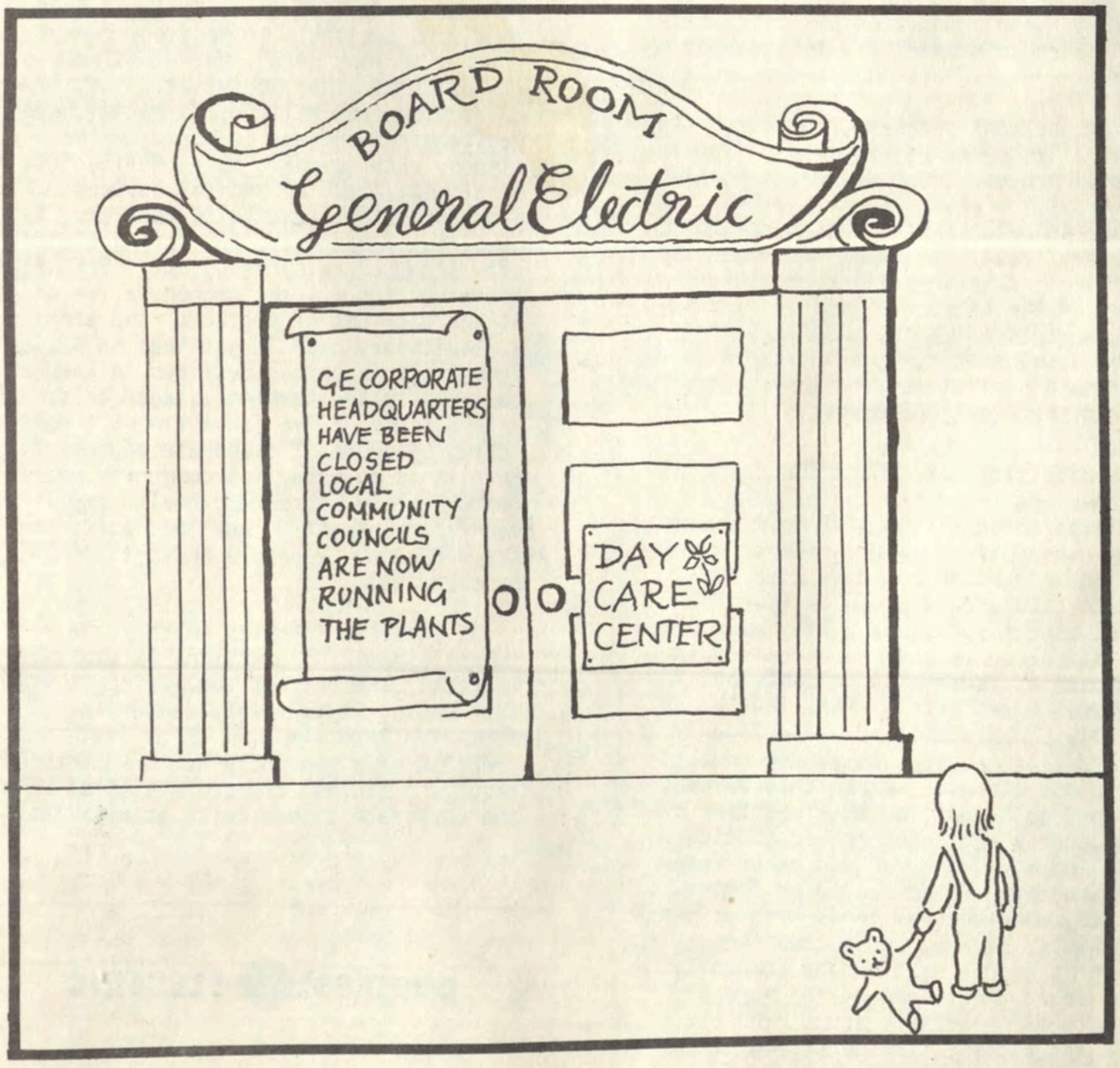
GE also directs a program towards its workers. In many plants around the country, GE publishes a plant newsletter filled with gossip and news, and applauding examples of cooperation between management and labor. Such literature is designed to cover up the powerful, profit-making position the company actually holds over its employees. The company also engages in a never ending campaign to discredit the value of the unions in protecting workers' interests. For example, during the 1969 strike, in addition to holding a hard line in negotiations with union officials, GE management called strikers at home and sent individual letters reminding them that the plants were open and people were working. One such letter from a GE vice president, suggested the union members should seek a secret ballot vote on the latest offer, saying, "The distant labor bosses have arbitrarily rejected it without even consulting you."

To its stockholders, GE addresses its picture-filled quarterly, the GE Investor, in which the main message is innovation and long term stability, combined with moderate concern for social problems. The statement in a 1969 issue that GE's "longer term focus was on the profitable growth markets of the 1970's" reflects most clearly the interests of the corporation. General Electric's real purpose is to make profits in growing markets for itself and its stockholders, producing and selling under the most favorable business conditions. Its Public Relations effort to tell the rest of the American people that GE's interests coincide with those of <u>all</u> Americans, is an amply financed campaign to assure that such favorable business conditions continue to exist, in spite of growing protests about the misuse of corporate power.

WHAT ARE THE ALTERNATIVES?

As we have shown, it is easy to criticize General Electric and the rest of the corporate system for not meeting human needs. A much harder job, however, is to propose a reasonable alternative. Although proposing a comprehensive alternative isn't the task of this counter report, it has been possible to drop a few hints and suggest a general direction.

In its narrowest definition economic conversion means conversion out of one form of economic activity into another, such as from jets to high-speed commuter trains, or from guns to schools. One part of the alternative is conversion of a considerable portion of military production into the production of goods and services designed to meet real social and human needs. A reasonable alter-



native, however, must include much more. GE's activities are designed to benefit a small minority of the people of the US and some even smaller minorities of other societies. GE goods and services will not meet the needs of the majority until the interests of the majority are represented on the key decision-making company boards. Production controlled by a few for profit will become production controlled by many only when representatives from workers, scientists, engineers, and secretaries in GE join as full members in decision-making bodies at all levels. Likewise, until communities are represented in the same manner, GE will continue to exploit and manipulate them, and abandon them at will. Redistribution of income from the rich to the impoverished would force GE to stop production of luxury gadgets in order to provide products needed by the poor.

One of the most sweeping restructurings of GE will be the transformation of the productive process from one that exhausts and destroys the environment into one that functions in balance with nature, or that, at the very least, radically minimizes the destruction. Advances will be measured by how they enable us to use less electricity, fewer manufactured goods, more recycling and less obsolescence, less inorganic fertilizers and pesticides, and less synthetic materials that don't decompose.

In communities throughout the country conversion and restructuring of GE and other large corporations will mean changing our consumption habits. Taxes, boycotts, and education could be used to eliminate obsolescent products (single-service, short-lived, and poorly made products), and products that require inordinate amounts of especially valuable or non-renewable resources. Municipally and regionally owned utilities would lower costs and help accustom us to the consumption of less energy. Taxes could be used to discourage production that requires excessive energy and encourage production that relied more on human and other renewable resources. Co-ops would be formed to share many manufactured goods such as washing machines, dryers, and automobiles. These forms of cooperative and community control would create demand for more efficient, environmentally sound products from GE and others. New technologies would be developed to use geothermal, sun, water, wind, and garbage-fueled power in decentralized ways. Modern train networks and electric car production would be vastly expanded and improved.

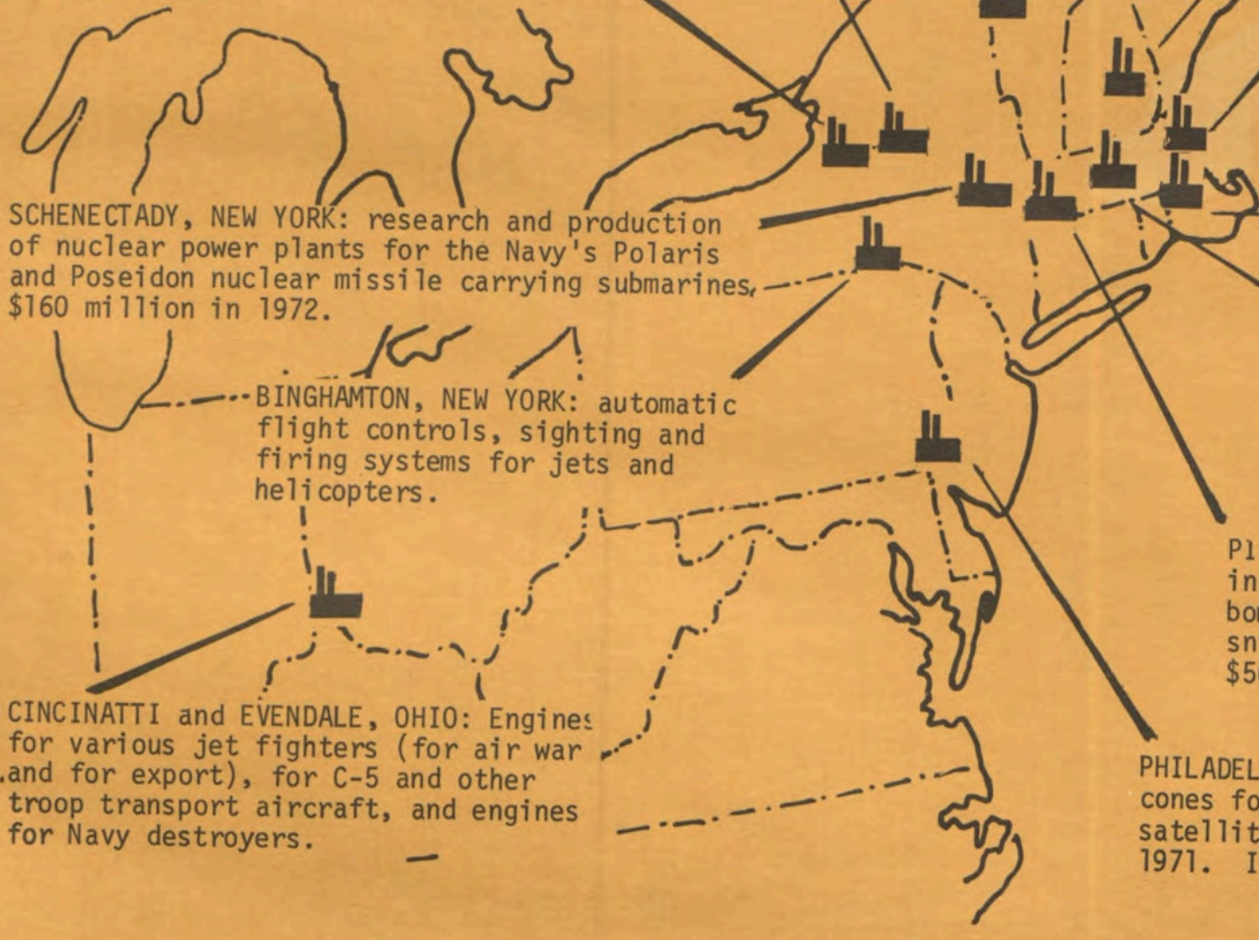
If GE became reorganized as the decentralized democracy we are describing, local community and employee representatives would be largely responsible for deciding what products would be produced, what investment would be made, how profits would be used, and what labor and community relations policies would be followed. The company could be barred from lobbying for useless new weaponry, and stopped from producing weapons systems for wars, like the Indochina War, which the people do not want to wage.

As long as 65% of citizens' federal tax dollars go into the military or military-related production there will not be enough resources available to meet our own society's serious needs, much less some of the needs of other societies. But simple conversion from military to social needs can be misguided and co-opted by the corporations. For example, GE is moving into the beneficial field of medical devices. Its production, however, is concentrated in complicated machines, monitoring equipment, artificial organ systems, etc. Such equipment requires a large concentration of capital and machines to produce; the profits, as a result, are much larger than on basic items. It is better business to keep a patient, in the terminal stages of some rare disease, alive for a few more days or months by means of elaborate equipment, than it is to establish community health centers where widespread health problems, such as malnutrition and lead poisoning, are worked on by people and not primarily by machines.

GE owns subsidiaries which stand ready to seize dominant positions in new civilian markets. This is not conversion in its full sense, it is merely conversion of bad practices from one area to another. The creation of a genuinely human society will require a radical transformation of GE and the corporate system which it typifies.

peoples' GE ELECTRIC

CURRENT GE CONTRACTS IN THE NORTHEAST



UTICA, NEW YORK: electronics for helicopters and jets in air war, including attack radar, guidance systems, data processors, night surveillance devices, and electronic counter measure (jamming) equipment. $35 million in 72.

SYRACUSE, NEW YORK: Sonar systems for river warfare in Indochina and for large Navy ships; radar for mortar detection, Safeguard sites, and satellite tracking. $96 million in 1972.

SCHENECTADY, NEW YORK: research and production of nuclear power plants for the Navy's Polaris and Poseidon nuclear missile carrying submarines, $160 million in 1972.

BINGHAMTON, NEW YORK: automatic flight controls, sighting and firing systems for jets and helicopters.

CINCINATTI and EVENDALE, OHIO: Engines for various jet fighters (for air war and for export), for C-5 and other troop transport aircraft, and engines for Navy destroyers.

BURLINGTON, VERMONT: cannon for attack jets, attack helicopters, and armored personnel carriers; R & D of improved armament systems and fuze systems for projectiles and mines. $33 million received in 1972 for larger projects alone.

HOOKSETT, NEW HAMPSHIRE: production of tubing and other parts for large military jet engines.

LYNN, MASSACHUSETTS: engines for Army, Air Force, and Navy aircraft, both jets and helicopters; propulsion systems for Navy ships. $150 million in 1972.

EVERETT, MASSACHUSETTS: parts for phantom jet engines.

WILMINGTON, MASSACHUSETTS: parts for assault and patrol helicopters, various aircraft measuring and control devices.

PITTSFIELD, MASSACHUSETTS: fire control and inertial guidance systems for Navy hydrogen bomb intercontinental missiles, the people sniffer automated battlefield sensor. $50 million in 1972.

PHILADELPHIA, P SYLVANIA: maneuverable warhead cones for ICBM including MIRV's, surveillance satellite R & and production. $95 million in 1971. In ad ion $140 million of NASA work.